STATEMENT OF THE HONORABLE
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before the

SUBCOMMITTEE ON THE FEDERAL WORKFORCE
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COMMITTEE ON GOVERNMENT REFORM
U.S. HOUSE OF REPRESENTATIVES

on

Health Information Technology

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Chairman Porter, Representative Davis, and distinguished Members of the
Subcommittee:

I am pleased to be here today to discuss the role of the Office of Personnel Management
(OPM) in promoting the adoption of health information technology (HIT) in the Federal
Employees Health Benefits (FEHB) Program.

In order to provide a context for my remarks, I'd like to offer some background about the
FEHB Program and the role of OPM as the Program administrator. About 8 million
Federal employees, retirees and their dependents are covered by this Program. The
Program allows OPM to offer competitive health benefits products for Federal workers
much like large employer purchasers in the private sector. OPM administers the Program
by contracting with private sector health plans. OPM does not contract directly with
health care providers and does not generally mandate specific program initiatives.
However, in our oversight of the Program, we have consistently encouraged participating
plans to be responsive to consumer interests. We have emphasized flexibility and
consumer choice as very important features of a competitive health benefits program.
With this background, I would now like to discuss the subject of this hearing and our
related activities within the FEHB Program.

On April 27, 2004, President Bush issued Executive Order 13335, *Incentives for the Use
of Health Information Technology and Establishing the Position of the National Health
Information Technology Coordinator.* This Executive Order underscored the importance
the President places on the development and implementation of a nationwide
interoperable health information technology infrastructure to improve the quality, safety,
and efficiency of health care. OPM is strongly committed to working with the FEHB
participating health plans on furthering this objective which is to ensure that most

Americans have electronic health records within the next ten years. OPM is also committed to working with the U.S. Department of Health and Human Services (HHS), which is leading this initiative by developing policies and programs aimed at creating a nationwide interoperable health information technology infrastructure.

In order to help fulfill the President's vision, OPM, together with the Department of Veterans Affairs and the Department of Defense, was directed to submit a report within 90 days of the Executive Order on options to provide incentives in the FEHB Program to promote the adoption of interoperable health information technology. In July of 2004, OPM issued a report to the President outlining various options to provide incentives in the FEHB Program. This report emphasized OPM's opportunities as a large purchaser of health benefits to urge FEHB participant health plans to expedite the nationwide phase-in adoption of HIT as soon as practicable. It identified a number of options to support the President's initiative, designed to include incentives for FEHB plans to adopt electronic health records based upon national standards for health data and interoperability, and related practice changes. Below are the options identified in the report:

- Encourage FEHB plans to adopt systems based on generally accepted and certified standards.

- Encourage plans to indicate individual provider HIT capabilities in their provider directories.

- Encourage plans to link disease management and quality initiatives to HIT systems for measurable improvements.

- Encourage health plans to provide incentives for the adoption of interoperable health information technology systems by key providers under FEHB contracts.

- Consider basing part of the service charge, or profit, for fee-for-service and other experience-rated plans and consider introducing performance goals for health maintenance organizations (community-rated plans) that are linked to their developing incentives for:
  - Doctors and pharmacies to use paperless systems to fill prescriptions (ePrescribing);
  - Contracting with hospitals that use electronic registries, electronic records, and/or ePrescribing; and
  - Increasing the number of enrollees whose providers use electronic registries, electronic records, and/or ePrescribing.

- Introduce incentives and performance goals for plans that contract with networks of providers to make records accessible through secure and Health Insurance Portability and Accountability Act (HIPAA) compliant interoperable HIT systems.

- Introduce incentives and performance goals for plans that integrate their provider networks with local and national health information infrastructure initiatives.

- Encourage and reward carriers that contract with pharmacy benefit managers which are providing incentives for ePrescribing and health information technology linkage.

OPM is committed to using its position as the largest purchaser of employee healthcare benefits to contribute in the expansion and use of electronic health records, e-prescribing and other HIT related provisions. In September of 2004, OPM's Deputy Director Dan Blair testified before this subcommittee on the role of the FEHB Program in positively affecting the quality of health care services in the United States. His testimony summarized our findings in the report to the President and highlighted the importance of health information technology to not only improve quality in health care, but also to create cost savings.

Earlier this year, OPM staff met with Dr. David Brailer, HHS' National Health Information Technology Coordinator, and his staff on how we could move the information technology agenda forward. This discussion allowed us to collaborate with HHS and to focus our preliminary approach. In April 2005, Dr. Brailer was the keynote speaker at our annual FEHB Carrier Conference. His staff also conducted a follow-up workshop at the conference to provide more detailed information for the plans participating in the FEHB Program. During his keynote speech, Dr Brailer introduced FEHB plans to the Administration's Framework for Strategic Action in promoting HIT technology. The choice of the National Health Information Technology Coordinator as a featured speaker at our annual conference signaled the importance of the HIT initiative in OPM's agenda.

Following this conference, OPM issued the annual FEHB "Call Letter" to carriers. This carrier letter provides guidance and negotiation objectives for benefit and rate proposals from FEHB Program plans for the next contract term. OPM strongly encouraged plans to take steps to improve their health information technology.

In addition, the call letter requested that plans describe their HIT initiatives, including any currently in place for doctors and pharmacies to use ePrescribing, and for contracting hospitals to use electronic registries, electronic records, and ePrescribing. We have received responses from the FEHB plans and are in the process of reviewing them to establish a baseline on how HIT is currently being used in our health plans. This will allow us to determine where we should focus our next efforts to best further the President's initiative.

OPM's web site is an important vehicle for communication with all involved in the FEHB Program. Enrollees and plans can access information regarding all aspects of the program through the web. Our web site page for participating plans provides links to HIT related information, such as regional health organizations with a focus on HHS' HIT initiatives and technology groups.

OPM recognizes that in order to achieve shared health information technology goals there must be a collaborative effort from all organizations involved in the health care industry. OPM has undertaken and affiliated itself with a variety of organizations working toward the common goal of quality health care through available technology. For example, OPM is member of the eHealth Initiative Employer and Purchaser Advisory Board which is moving forward aggressively to create national and local collaborative effort in this area. OPM also participates on other public/private partnership organizations including the National Committee for Quality Assurance performance measurement workgroup, and the National Quality Forum, which are both focusing on patient safety and healthcare quality.

While the President's Executive Order established the importance of implementing a nationwide HIT infrastructure to improve the quality and efficiency of health care, it also required patients' individually identifiable health information to be secure and protected. OPM will ensure that any options it undertakes will conform to these and any additional Federal requirements that protect the privacy of individually identifiable health information.

With regard to current privacy protections, FEHB enrollees have the same privacy protections as all Americans. The Health Insurance Portability and Accountability Act (HIPAA) required the Secretary of HHS to adopt standards for health care transactions and to protect the privacy of individually identifiable health information. The final HIPAA privacy regulation compliance deadline was April 14, 2003. All FEHB Program contracts require health plans to be in complete compliance with HIPAA requirements. As new interoperable systems are developed, OPM will ensure that FEHB plans comply with Federal requirements on the privacy of individually identifiable health information.

Finally, according to a report entitled *Use of Computerized Clinical Support Systems in Medical Settings*, released in March of this year by the Centers for Disease Control and Prevention (CDC), less than a third of the nation's hospital emergency and outpatient departments use electronic medical records and less than one in five doctors use electronic medical records. The CDC stated that the use of electronic records in health care lags behind the computerization of information in other sectors of the economy. Electronic billing systems are used in three-quarters of physician office practices, but computerization of clinical records has been much slower. Currently, none of the FEHB plans have entirely electronic based information systems. Clearly, there is much more work to be done in the healthcare industry as a whole.

We are looking forward to continued work with HHS and with our FEHB participating health plans on this initiative. And, we are strongly committed to moving forward alongside industry public and private partners in accomplishing this significant objective for all Americans.

This concludes my testimony. I appreciate this opportunity to provide comments on this important initiative for the Federal Employees Health Benefits Program.